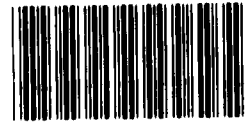


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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548



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STATEMENT OF
ELMER B. STAATS
COMPTROLLER GENERAL OF THE UNITED STATES
BEFORE THE
COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS
SUBCOMMITTEE ON ECONOMIC STABILIZATION
HOUSE OF REPRESENTATIVES

GA 20000

KB 205403

ON

[THE NEED FOR FEDERAL ACTION TO IMPROVE NATIONAL PRODUCTIVITY]

Mr. Chairman and Members of the Subcommittee:

I appear before this Subcommittee with a special feeling of appreciation borne of our shared commitment to improving national productivity. This Subcommittee and many of its members have played an important role in increasing the general awareness of our productivity problem and in bringing the productivity issue to the forefront. I have enjoyed the opportunity to participate in your efforts.

Looking back, I realize it was nearly two years ago, in September 1978, when I last appeared before this Subcommittee to discuss the Federal role in improving productivity. In my testimony I stated that

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"there is an urgent need for Federal involvement through a national productivity program that will foster greater awareness of the productivity problem and create the proper framework for productivity improvement."

We no longer have to foster greater awareness of the productivity problem. Productivity is now the popular topic of newspapers and magazine articles, and was recently the subject of a prime-time network television special. Productivity has also been highlighted in the statements of numerous members of the Congress as well as by members of this Committee, and is frequently mentioned by administration officials concerned with the economy, as well as by the presidential candidates. It seems that the existence of a serious productivity problem in this country is widely accepted. We have taken the first step.

The United States Government now must move from rhetoric to action in attacking our productivity problem. By attacking the problem, I do not mean merely establishing another productivity organization. Rather what we need is a national commitment to improve productivity and a national productivity plan to translate that commitment into action.

Past Efforts to Improve Productivity

Over the past decade, attempts to improve productivity were made by simply establishing organizations. In 1970, President Nixon appointed a National Commission on Productivity which was legislatively sanctioned in 1971. In 1974, the organization became the National Commission on Productivity and Work Quality, and in 1975, the Congress established the National Center for Productivity and Quality Working of Life. In September 1978, the Center's legislation was allowed to expire and

President Carter subsequently established the National Productivity Council by Executive Order in October 1978.

The only common thread we can find running through all these organizations has been the lack of support for any of them. The lesson to be learned from this decade of experience is not that [a national focal point to help improve productivity cannot be effective in the United States as they have been in almost every other industrial country, but that for such an effort to be effective, a national commitment must be made.]

We at GAO have stated on numerous occasions that any Federal effort to encourage productivity growth in this country must have strong support from the President and the Congress. The [various efforts over the last decade have lacked this needed support.]

I think that any effort receiving such little support as that received by the former National Center for Productivity and Quality of Working Life clearly has little chance for success. It was for this very reason--lack of support--that we agreed with the current administration's decision to let the Center expire at the end of fiscal 1978. Our report on the Center was issued May 23, 1978, shortly after the President made known his decision to terminate the Center. We stated that

"Although we believe an adequately funded and supported independent center would be best for the private sector productivity effort, the President's decision not to continue the center removes the likelihood that the needed support will be forthcoming."

We therefore recommended that productivity improvement efforts be assigned to existing agencies. We also stated that

"Regardless of where the leadership for the private sector productivity effort is located, we recommend that it be guided by a National Productivity Council. This council should consist of representatives of selected Federal agencies having productivity-related missions."

We emphasized that this council should be charged with developing a national productivity plan that integrates all Federal policies and programs affecting national productivity and with identifying gaps and additional initiatives that need to be taken.

Our position at GAO has not changed. While a National Productivity Council now exists, it appears to serve more as a figure-head than as an organization "to provide for coordinated and effective federal programs to improve productivity..." as charged in the Executive Order establishing it. (The National Productivity Council appears to suffer from the same lack of support and commitment as the previous efforts. The Council also lacks a legislative mandate, which limits its accountability to the Congress.

The National Productivity Council

(The current National Productivity Council was established in October 1978) by Executive Order 12089. The Council was to carry on many of the functions of the former Center, while other functions were assigned to existing agencies. As you know, the Council is chaired by the Director of OMB and is composed of the heads of 10 agencies that have productivity-related programs. The Council was charged to

- work with executive agencies to assure that activities designed to improve productivity are carried out in a manner that realizes the maximum benefit from the resources invested;
- identify issues pertaining to private and public sector productivity improvement, and make assignments to Council members or other executive agencies for studying and resolving the issues;
- identify for the President's consideration major policy issues with productivity implications, including the need for legislative initiatives;
- serve as the focal point within the executive branch for liaison with elements of the private sector concerned with improving productivity, and seek the advice and assistance of business, labor, and academic leaders, as well as of representatives of State and local governments and others concerned with productivity; and
- serve as the focal point within the executive branch for liaison with organizations of foreign governments involved in efforts to improve productivity.

While we are now reviewing the Council's overall effectiveness at the request of Congressman LaFalce, (it seems that with minor exceptions, the Council has not met its charge.)

The Council has not coordinated or guided the actions of Federal agencies to improve productivity, has not provided legislative or administrative proposals for productivity improvement, and has not

attempted to seek the advice and assistance of business, labor, and academic leaders concerned with productivity. }

Our work at GAO has shown that in areas where the National Productivity Council could have provided important leadership, it has failed to do so.

The Council on Wage and Price Stability, a member of the National Productivity Council, is a key participant in economic policymaking. In its June 12, 1980, "Inflation Update," the Council on Wage and Price Stability stated that "...a key to reducing long-run inflationary problems in the U.S. is revitalizing productivity growth and keeping wage increases in line with productivity advances." Yet in our current review of the Council's efforts to stimulate productivity, we have found that the Council has not strongly encouraged productivity improvement through wage and price standards, nor has it been encouraged by the National Productivity Council to do so.

The Department of Labor is also on the Productivity Council. In 1978, the President assigned that department leadership responsibility for encouraging productivity growth through

- improving the ways that employee skills and capabilities are used,
- improving the quality of working life,
- improving productivity measures, and
- improving labor-management cooperation.

Despite these responsibilities, we have found that the Department of Labor has done little to either encourage productivity growth or to undertake new initiatives in the area of productivity and quality of working life. Once again, the Productivity Council has made no effort to encourage the Department of Labor to take a leadership role or to place greater emphasis on productivity.

As this Committee heard last month, the Department of Commerce is launching a new program designed to encourage private sector productivity growth through the strategic application of science, technology, and innovation; the removal of barriers to productivity improvement; and the identification of foreign customers for U. S. products. This appears to be a very good effort and we support the Department's goals. However, the program needs to be part of a national strategy that incorporates the needs and concerns of other agencies with those of the private sector--and it must not be just another separate program.

A particular shortcoming of the Council is that it has made no attempt to formally obtain advice and assistance from representatives of business, labor, and academia. Merely sending representatives to selected conferences where productivity is to be discussed is not adequate. The private sector must be involved in the development of national productivity policy both to ensure that rational and realistic policies are developed and to help build the cooperation and trust between the private and public sectors that is sorely lacking.

Another problem with the Productivity Council is the part-time nature of its leadership. The Productivity Council is chaired by the Director of OMB who has many demands on his time, only one of which is the Council. Those demands have left him limited time for the Council and thus prevented him from becoming the recognized spokesperson for productivity. I am not saying that the Council should be the Director's top priority; I am suggesting that he may not be the appropriate person to chair the Council. The National Productivity Council is too important to be the second, third, or fourth priority of its chairperson.

Since the National Productivity Council was established in October 1978, it has met four times for a total time in session of only about 4 1/2 hours. When the Council is not in session a staff of two handles the Council's ongoing work. Obviously, this time and staff commitment is wholly inadequate to deal with the productivity issue.

Current Administration Efforts
to Improve Productivity

Last month Mr. Granquist of OMB testified before this Subcommittee on the administration's approach to attacking the productivity problem. He stated that because the problem is complex and must be attacked on several fronts, the administration has embraced an approach that includes

- developing a sound economy;
- eliminating unnecessary regulations and improving the regulatory process;

- encouraging research, development, and industrial innovation;
- improving productivity measures; and
- encouraging capital investment.

We agree that these are important elements to improving productivity. We must, however, add that while developing a sound economy will help improve productivity, improving productivity will go a long way toward building a sound economy.

It cannot be denied that the Government is doing much that is related to productivity improvement. The National Center for Productivity estimated that nearly \$1 billion was spent on projects directly related to productivity improvement in fiscal 1976. According to recent National Productivity Council estimates, the figure for fiscal 1979 [is about \$2 billion.] These numerous productivity improvement efforts have not been evaluated and are not part of a broader strategy. [A national productivity plan, backed up by a strong council, is needed to harness and direct these funds and activities and ultimately improve productivity.] Without a plan, how do we know what we are working toward? How do we know if \$1, \$2, or \$3 billion is an appropriate funding level? I find it difficult to understand that approximately \$2 billion is being spent annually in the area of productivity with no overall plan and no overall goals.

In his March 14, 1980, speech, the President stated that one of his areas of action for strengthening the economy would involve long term structural changes to encourage productivity, savings, and

research and development. However, rather than asking the National Productivity Council to develop recommendations, the President assigned this responsibility to his Presidential Commission on an Agenda for the 1980s. This seems to be the closest we have come to developing a productivity plan.

We met with officials at the Commission and found that productivity will be but a small part of the Commission's work. Productivity will be addressed as one of several issues by the Panel on the American Economy. There are eight other panels addressing such issues as energy, the electoral and democratic process, and the United States and the world community. Of necessity, the Commission's recommendations will be broad and address problems in a decade long perspective. Meanwhile, the National Productivity Council has apparently suspended its activities until the Commission issues its recommendations later this year.

The Elements of a Successful National Productivity Program

On November 13, 1979, we sent Senator Lloyd Bentsen, Chairman of the Joint Economic Committee, a report outlining what we believe is needed for an effective productivity council. Senator Bentsen and Congressman Lundine of this committee have since introduced legislation based on our recommendations.

We pointed out in that report that the key leverage point through which the Federal Government can improve private sector productivity is the implementation of policy initiatives in such areas as tax and regulatory policy. Of course numerous factors must be

considered in deciding these policies. But most assuredly, a strong advocate of productivity concerns must be involved in that decisionmaking process. This is not now the case.

We recommended that a National Productivity Council with its own budget authorization be established by law. As a statutory body rather than an organization established by executive order, the Council would have greater authority and stability and would be accountable to the Congress.

We also recommended in that report that the Council:

--Be chaired by a high-level, full-time Chairperson.

--Provide oversight, direction, control, and coordination to departments and agencies in the area of productivity improvement.

--Establish a National Productivity Advisory Board composed of members representing business, labor, and academia to advise the Council on appropriate actions to take to improve productivity. If properly used, this Board could contribute to improved cooperation between the public and private sectors in attempts to improve productivity.

--Be required to develop a national productivity plan to outline what the Federal Government is doing and should be doing to improve productivity.

We consider the development of a National Productivity Plan our most important recommendation. Such a plan should be developed

with the extensive involvement of business, labor, and academic representatives as well as the existing national and regional productivity centers.] A Productivity Advisory Board could be instrumental in this effort, as was the Advisory Committee on Industrial Innovation in the Domestic Policy Review. The Productivity Plan should

- identify and describe the relationship and effect of existing Federal policies, programs, and activities on private sector productivity;
- delineate clearly the responsibilities of Federal departments and agencies having direct program functions within the plan;
- identify existing unnecessary obstacles to productivity improvement created by the Federal Government; and
- provide alternative policies, programs, activities, and lines of responsibility to improve private sector productivity.

In addition, the plan should contain

- an analysis of the Federal budget to document where Federal funds in support of private sector productivity improvement are being spent;
- an assessment of Federal efforts during the past year to improve productivity, including an identification of gaps, duplicated efforts, successes, and failures; and
- a priority listing of short- and long-term objectives, and specific projects and programs for the next year to attain these objectives.

(The plan should be dynamic, and as such must be updated regularly. It should be used to guide the numerous Federal actions to improve productivity, and will enable decisionmakers to put productivity-related proposals into a meaningful context.] Without a plan, the Government must approach each productivity-related issue on an ad hoc basis. The President recently proposed that a committee be established with representatives from industry, labor, and government to examine ways to improve the productivity of the automobile industry. Such a committee could be important in improving government and industry cooperation.

But what about the footwear and textile industries that are also facing serious problems? Or the semiconductor industry, which is strong now but could suddenly lose its competitive advantage? Do we have to wait until vital industries are in serious trouble before we can develop national strategies to help strengthen them and improve our productivity? A National Productivity Plan will enable the Government to place many economic problems into perspective and will improve the Government's ability to prevent some of these problems.

Conclusion

In conclusion, I want to reemphasize that our primary concern is that any national productivity effort be properly supported by the President and the Congress and that such an effort be based on a national productivity plan. While we have other specific recommendations as to how such an effort should be organized and carried out, they are of secondary importance.

If the apparent concern of numerous Members of Congress can be translated into support leading to passage of legislation to establish a strong National Productivity Council, such as H.R. 6462 introduced by Congressman Lundine of this Subcommittee, the needed administration support for such an effort may be forthcoming.

As I have said before, it is time to face up to the fact that productivity growth must be improved if we are to get inflation under control and maintain our standard of living. America's economic survival may well depend on our ability to achieve this growth. To sustain a national effort of cooperation in reaching this goal, the Federal Government must assume a leadership role. To date it has not done so.

Some say we cannot identify or pinpoint why productivity has declined; therefore, solutions are difficult, if not impossible, to find. I do not agree. We could go on and on bemoaning the complexity of the productivity problem, pointing out the difficulties in productivity measurement, and trying to identify the specific causes of our decline in productivity growth. While we should continue to address these areas, we cannot afford relying on them to justify inaction. We must begin to systematically deal with the identified problems affecting productivity. These include Federal policies that discourage productive capital investment and research, needlessly burdensome regulations, and the harsh adversary relationship between business and Government. I know that many in the administration share this concern. But we need more than concern and

piecemeal policies. We cannot afford to let our national productivity growth continue to decline. We must establish within the Government a strong focal point whose sole concern is national productivity. We do not need a large organization with extensive program responsibility and a large budget, but rather an organization devoted to developing a plan and coordinating a national productivity effort.

There are three steps in making policy: { awareness, commitment, and action. We now have awareness. I hope our Government can now develop the commitment and initiate the actions needed. }

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This concludes my statement Mr. Chairman. I have attached to my statement for the record a list of recent and ongoing GAO assignments in the productivity area as well as our letter to Senator Bentsen in which we presented our suggested national productivity council legislation. We will be pleased to answer any questions you or other members of the Subcommittee may have.

GAO REPORTS ON PRODUCTIVITY--COMPLETED AND IN PROGRESSNational ProductivityCompleted

FGMSD-78-26

May 23, 1978

"THE FEDERAL ROLE IN IMPROVING PRODUCTIVITY--IS THE NATIONAL CENTER FOR PRODUCTIVITY AND QUALITY OF WORKING LIFE THE PROPER MECHANISM?"

The Center, which was established in 1975 fell short of meeting its anticipated accomplishments because of inadequate resources and authority. The need for a Federal role in stimulating national productivity still exists, and in this report, GAO offers suggestions as to how this role could be structured.

FGMSD-79-4

December 12, 1978

"DEVELOPMENT OF A NATIONAL PRODUCTIVITY CLEARINGHOUSE"

A need exists for a national productivity clearinghouse. GAO explains how, in order to be effective, the clearinghouse must go beyond simply maintaining and distributing information.

B-163762

November 13, 1979

"FRAMEWORK FOR PROPOSED LEGISLATION FOR A NATIONAL PRODUCTIVITY COUNCIL"

This letter report delineates how GAO believes a national focal point to foster productivity growth in the public and private sectors should be structured and organized. It provides a framework for establishing a National Productivity Council through legislation.

In Progress

"SURVEY OF THE NATIONAL PRODUCTIVITY COUNCIL'S EFFECTIVENESS UNDER EXECUTIVE ORDER 12089"

In this survey GAO is assessing the actions taken by the National Productivity Council and other agencies assigned productivity responsibilities under Executive Order 12089. Recommendations will be offered for strengthening the effectiveness of Federal efforts aimed at improving national productivity.

Internal Federal Government

Completed

FGMSD-78-33 May 10, 1978

"IMPROVING FEDERAL AGENCY EFFICIENCY THROUGH THE USE OF PRODUCTIVITY DATA IN THE BUDGET PROCESS"

GAO found that the potential value of productivity data in budgeting can be realized by a more active role of legislative oversight and appropriations committees.

FGMSD-78-44 July 25, 1978

"FULL POTENTIAL TO ACHIEVE SAVINGS BY INVESTING IN FAST PAYBACK PRODUCTIVITY ENHANCING CAPITAL EQUIPMENT NOT REALIZED"

GAO describes how the Department of Defense can achieve increased savings in its fast payback investment program. The Department should place more management emphasis on identification, justification, and post-analysis of investment opportunities.

FGMSD-78-59 February 23, 1979

"THE GOVERNMENT CAN BE MORE PRODUCTIVE IN COLLECTING ITS DEBTS BY FOLLOWING COMMERCIAL PRACTICES"

GAO describes how the Federal Government can better collect its debts and recover billions of dollars, by adopting certain private sector practices.

FGMSD-79-9 March 15, 1979

"DOES THE FEDERAL INCENTIVE AWARDS PROGRAM IMPROVE PRODUCTIVITY?"

In its present form the Government Employees Incentive Awards Program at most agencies may have a more negative impact on employee productivity than having no awards program at all. GAO suggests how certain aspects of Federal agency awards programs should be modified.

FGMSD-79-17 April 6, 1979

"FEDERAL PRODUCTIVITY SUFFERS BECAUSE WORD PROCESSING IS NOT WELL MANAGED"

Most Federal agencies are not complying with regulations covering the management of word processing systems. Furthermore, agencies are unable to demonstrate that the systems have increased

their productivity. The Administrator of General Services should provide guidance to agencies and conduct periodic reviews of their systems.

FGMSD-79-15 May 29, 1979

"INCREASED PRODUCTIVITY CAN LEAD TO LOWER COSTS AT FEDERAL HYDROELECTRIC PLANTS"

On the basis of cost per unit of electricity produced, GAO determined that a selected group of private hydroelectric power plants were more efficient than a comparable group operated by the Federal Government. Had these Federal plants been run as efficiently as the private, they could have saved at least \$11.7 million in annual operation and maintenance costs.

FGMSD-79-48 September 25, 1979

"PERFORMANCE COMPARISON OF FEDERALLY-FUNDED VS. PRIVATE DAY CARE CENTERS"

This study compares the per unit or per capita cost of day care services performed by the Federal Government to the cost of comparable service provided by private companies. The National Day Care Study demonstrated that the cost of non-federally-funded centers operated primarily by the private sector is substantially less than the federally-subsidized nonprofit organizations. Our analysis agreed with this conclusion and identified ways to make the federally-funded centers more cost effective.

FGMSD-79-46 October 19, 1979

"QUALITY CIVIL LEGAL SERVICES FOR THE POOR AND NEAR POOR ARE POSSIBLE THROUGH IMPROVED PRODUCTIVITY"

This report compares, on a limited basis, the cost of federally supported civil legal services with the cost of private prepaid legal services. It recommends to improve productivity, the Legal Services Corporation should systemize and automate its operations. This will increase the number of people served as well as the quality of service.

FFCD-80-5 November 26, 1979

"ESTIMATED PERSONNEL NEEDS OF THE AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE--ARE THEY RELIABLE?"

GAO reviewed the Agricultural Stabilization and Conservation Service's work measurement and workload forecasting systems for determining staffing requirements. GAO found that the systems must be improved before they can be relied on for estimating annual personnel requirements.

FGMSD-80-13

February 12, 1980

"IMPROVING THE PRODUCTIVITY OF FEDERAL PAYMENT CENTERS COULD
SAVES MILLIONS"

GAO describes how Federal Government payment centers can save millions in labor costs by developing productivity measures and implementing identified productivity improvement techniques.

FGMSD-80-41

April 18, 1980

"PRODUCTIVITY MEASUREMENT IN THE DEFENSE LOGISTICS AGENCY MUST BE
SUPPORTED, IMPROVED, AND USED"

Although the Defense Logistics Agency has one of the best designed productivity measurement systems in the Government, it does not base its budget requests on data from the system and makes only limited use of the data for other management purposes. Limited use and limited management attention to the system has caused deficiencies which affect its credibility and use. This report recommends a number of ways the Director, Defense Logistics Agency, can ensure that the productivity measurement system is effectively used by managers.

FGMSD-80-40

May 9, 1980

"THE FEASIBILITY OF AUTOMATING THE SEARCH PROCESS AT THE PATENT AND
TRADEMARK OFFICE"

GAO found that automating the search process would not substantially improve the productivity of the patent examining process at this time. A more serious problem that should be addressed is the lack of integrity in the examiners' files, which significantly affects patent quality. Recommendations are offered to correct this problem.

FGMSD-80-57

May 12, 1980

"EVALUATING A PERFORMANCE MEASUREMENT SYSTEM--A GUIDE FOR CONGRESS
AND THE FEDERAL AGENCIES"

Performance measurement systems, such as productivity and effectiveness measures, are valuable management tools. This report stresses the need for performance measurement systems and recommends that Federal managers use such data in their organizations. An evaluation guide is included which can be used to assess agency measurement systems.

FGMSD-80-45

July 8, 1980

"GOVERNMENT MEASURES OF PRIVATE SECTOR PRODUCTIVITY: USERS
RECOMMEND CHANGES"

According to users surveyed by GAO, private sector productivity measures compiled by the Bureau of Labor Statistics can be improved. The users, who are representatives from unions, private businesses and Federal Government agencies, point to the need for (1) a new industry productivity measures program, (2) greater explanation of published measures, and (3) development of measures which include inputs from capital as well as labor.

FGMSD-80-63

July 17, 1980

"THE SENATE SHOULD EXPLORE OTHER WORD PROCESSING ALTERNATIVES
TO IMPROVE COST EFFECTIVENESS AND PRODUCTIVITY"

The Senate's word processing systems may not be the best to meet its burgeoning correspondence workload. In the past five years, significant technological developments have produced some very powerful and flexible new systems which potentially could help the Senate meet its workload, while cutting its word processing costs. GAO recommends that the Senate consider and analyze alternative word processing systems.

In Progress

"REVIEW OF THE PRODUCTIVITY OF PAYMENT CENTERS' TRAVEL PROCESSING"

In a previous study on the productivity of Federal payment centers (FGMSD-80-13, February 12, 1980), GAO noted great inefficiencies in the procedures used by Federal agencies in processing employee travel payments. This survey is examining Federal voucher processing procedures in depth in order to identify inefficient processes which can be altered to improve efficiency and productivity.

"REVIEW OF THE COUNCIL ON WAGE AND PRICE STABILITY'S EFFORTS TO
ENCOURAGE PRODUCTIVITY IMPROVEMENT"

In this study, GAO is evaluating how the Council on Wage and Price Stability has addressed the issue of productivity improvement in its wage and price standards. In addition, GAO is reviewing how the Council has used its position in economic policymaking to encourage improved productivity as an anti-inflation mechanism.

"PRODUCTIVITY COMPARISONS OF BUILDING MAINTENANCE FUNCTIONS IN THE PUBLIC AND PRIVATE SECTORS"

In this study, GAO is comparing public and private sector productivity for selected functions, such as cleaning and painting, in the maintenance of major office buildings. This study will evaluate whether Government agencies, primarily GSA and DOD can improve their productivity by adopting private sector practices or whether maintenance services should be contracted-out by these agencies. . . .

"REVIEW OF PRODUCTIVITY AND PRODUCTIVITY MEASUREMENT SYSTEMS IN VETERANS ADMINISTRATION HOSPITALS"

GAO was initially requested by Congress to compare the productivity of Veterans Administration (VA) hospitals to private hospitals. GAO found, however, that while few elements are loosely comparable, these hospitals are operated overall for entirely different purposes. Consequently, GAO is now reviewing the comparability of productivity among similar hospitals in the 172 VA hospital system and examining current VA plans to implement a unified system to measure productivity.

"OFFICE OF THE FUTURE AND INFORMATION TECHNOLOGY-PRODUCTIVITY TOOLS FOR THE 1980's"

In this study, GAO is exploring whether the Federal Government can cost-effectively achieve major gains in the productivity of professional as well as clerical staff through the use of office automation and other information technologies. A comparison will be made of private and public sector applications of office automation to determine whether lessons in planning, designing, implementing, monitoring, and evaluating office systems can be learned from the private sector and translated to the Federal Government.

"SURVEY OF AGENCY CAPITAL ACQUISITION PROGRAMS--ARE THEY NEEDED TO PROMOTE PRODUCTIVITY IMPROVEMENT"

This survey is a follow-up to a previous GAO report (FEMSD-78-44, July 25, 1978) examining the Defense Department's Fast Payback Capital Investment Program. The objective of this review is to determine whether the Department of Defense has implemented GAO's prior recommendations and whether the department has followed congressional guidance accompanying approval of the Department's fiscal year 1979 program funds. A key recommendation was the need to promote the fast payback program to accurately assess savings achievable and to provide verification of savings after implementation.

"SURVEY OF THE PRODUCTIVITY OF ADMINISTERING HOUSING LOANS PROGRAM"

This review is the first in a planned series examining productivity in loan program administration. The objective is to compare the administrative procedures employed by the Department of Housing and Urban Development and the Veterans Administration in their housing loans programs to those of private mortgage companies in order to identify areas where costs can be reduced and productivity improved.

"SURVEY OF LABOR MANAGEMENT COMMITTEES IN THE FEDERAL GOVERNMENT (FPCD)"

In this survey, GAO is examining the impact of selected labor management committees on productivity and the quality of working life in the Federal Government.

State and Local Government

Completed

IGD-78-104

December 6, 1978

"STATE AND LOCAL GOVERNMENT PRODUCTIVITY IMPROVEMENT: WHAT IS THE FEDERAL ROLE?"

GAO assesses how the Federal Government can best advance productivity in State and local governments and identifies the most promising Federal approaches available for doing so. The report is an extension of the discussions on State and local government productivity in FGMSD-78-26.

In Progress

"REVIEW OF POTENTIAL PRODUCTIVITY IMPROVEMENTS IN THE ADMINISTRATION OF FEDERAL BENEFIT PROGRAMS"

In this study GAO is examining three state-administered, Federal benefit programs--Unemployment Insurance, Aid to Families with Dependent Children (AFDC) and Food Stamps--to determine the impact of the structure of these Federal grant programs on State and local government productivity. GAO is exploring possible structural changes to these programs and mechanisms for providing incentives to State and local governments for improving their productivity.

"SURVEY OF PRODUCTIVITY IMPROVEMENT POTENTIAL IN STATE GOVERNMENTS"

In this survey GAO is examining regulations, policies, and paper-work requirements imposed on the States through the Federal grant system. GAO's objective is to determine whether changes in the structure of the grant system can lead to productivity improvement at the State and local government levels.

Private Sector

Completed

FGMSD-80-7 January 24, 1980

"BARRIERS STILL EXIST TO THE FULL DEVELOPMENT OF THE TRADE MONITORING SYSTEM REQUIRED BY THE TRADE ACT OF 1974"

The Trade Monitoring System was mandated by the Congress to identify private sector and geographic vulnerability to imports so that the Federal Government could give assistance to industries affected as quickly as possible. However, in the 5 years since passage of the act a fully developed system still had not been produced because of limited funding and staffing, poor comparability between various data coding systems, and weak management support. Because increased imports affect domestic output, monitoring trade flows can help identify specific industries and areas requiring attention to counter adverse trends in U.S. production and productivity.

FGMSD-80-32 January 31, 1980

"U.S. MUST SPEND MORE TO MAINTAIN LEAD IN SPACE TECHNOLOGY"

Technological innovation, according to economists, contributes significantly to a nation's productivity growth and economic well-being. Despite high expectations among American scientists about the prospects of new discovery in materials science, GAO concluded that only limited success can be expected in the U.S. during the next 20 years due to low funding and limited backing by the administration and the Congress. As a result foreign competitors could rapidly overcome any technological lead in materials science in space now enjoyed by the United States.

FGMSD-80-3 February 25, 1980

"SLOW PRODUCTIVITY GROWTH IN THE U.S. FOOTWEAR INDUSTRY--CAN THE FEDERAL GOVERNMENT HELP?"

The U.S. footwear industry's productivity growth rate has been among the lowest in our Nation, reflecting insufficient capital and technology. This report analyzes the economic decline of footwear industry and recommends Government actions to improve the productivity and increase the competitiveness of U.S. footwear manufacturers. The report also recommends a forum to bring together public and private interests to identify alternatives for improving productivity in the footwear and other U.S. industries which are or will be at a competitive disadvantage.

In Progress

"REVIEW OF THE AVAILABILITY AND CONSTRAINTS ON VENTURE CAPITAL FORMATION AND THE IMPACT ON PRODUCTIVITY GROWTH IN THE U.S."

Considerable evidence exists that productivity is influenced by technology and capital investment. The inability of companies to obtain capital to develop and manufacture high technology products in the U.S. encourages the transfer of technology to foreign countries, resulting in lost of jobs to American workers, cost tax revenue, etc. In this review, GAO is assessing whether current Federal actions in this area will (1) enhance national sectoral or firm productivity growth and (2) alleviate constraints and disincentives for American firms to obtain and invest venture capital in the U.S.

"DEPARTMENT OF LABOR'S LEADERSHIP ROLE IN IMPROVING QUALITY OF WORKING LIFE AND PRODUCTIVITY IN THE PRIVATE SECTOR"

GAO is examining the Department of Labor's effort to implement Executive Order 12089, which assigned the Department a leadership role in improving labor/management cooperation, the quality of working life and the use of employee skills to enhance private sector productivity. GAO is focusing on the effectiveness of the Department's programs to improve the quality of working life and labor/management cooperation in the private sector.

"SURVEY OF FEDERAL FACTORS AFFECTING PRODUCTIVITY IN SMALL BUSINESS"

Small businesses, which account for roughly one-half of all private sector employment, play a vital role in this nation's productivity performance. Unfortunately small businesses' ability to contribute to achieving higher levels of national productivity is being affected by factors exogenous to these businesses. The principal objectives of this study are to identify those factors affecting small business productivity and to determine the Federal role in supporting and encouraging productivity improvement in small businesses.

"COMPARISON OF QUALITY BETWEEN JAPANESE AND AMERICAN MADE PRODUCTS"

In this study, GAO is comparing the quality of Japanese-made products to similar American-made products to determine whether there is a difference in quality and if so, to identify the reasons for these differences. In its approach, GAO is examining products produced by Japan-managed firms in the United States as well as products manufactured by American-managed firms.

"REVIEW OF THE MAJOR FACTORS RESPONSIBLE FOR DECLINING PRODUCTIVITY IN THE COAL INDUSTRY (EMD)"

This report examines the causes for the productivity decline in the coal industry including the effect of regulation, labor/management relations, technological change, the geology of coal resources, and the changing patterns of coal ownership.



ATTACHMENT 2

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

IN REPLY
REFER TO: B-163762

November 13, 1979

The Honorable Lloyd Bentsen
Chairman, Joint Economic Committee
Congress of the United States

Dear Mr. Chairman:

This is in response to your letter of April 4, 1979, in which you requested that we develop draft legislation to create a national focal point to stimulate productivity growth in the public and private sectors. The framework for proposed legislation enclosed with this letter represents how we believe a national productivity council should be structured and organized.

We are very pleased to work with you and the Joint Economic Committee in the area of national productivity improvement. We at the General Accounting Office (GAO) share your concern about our Nation's declining productivity and our Government's inadequate response to this serious problem.

In recent months we have noted widespread awareness of our productivity problem. This awareness did not always exist. It was not long ago that our greatest challenge was convincing the executive branch and the Congress that the decline in productivity improvement is a significant economic problem. Now we find productivity highlighted in the reports of the Joint Economic Committee, which you chair, the annual report of the Council of Economic Advisers, and in numerous magazine and newspaper articles. Top administration officials, including the President, and numerous members of Congress have spoken out on the problem. There is no doubt we have reached a new plateau. However, we still have further to go. We must move from rhetoric to action in improving national productivity.

We believe a strong focal point for productivity improvement is needed in the Federal Government to make this transition. We do not need a large organization with program responsibility, but rather one that will

- identify Federal Government targets of opportunity to improve private sector productivity,
- work to have adequate funds allocated to match these targets of opportunity,
- ensure the coordination of all Federal efforts to improve productivity, and
- represent the perspective of productivity improvement at the top policymaking level.

The direct Federal efforts to improve national productivity should remain within existing agencies. The productivity focal point should, however, provide the needed leadership and direction to Federal departments and agencies.

Need For An Effective Productivity Effort

The current National Productivity Council was established on October 23, 1978 by Executive Order 12089. It is chaired by the Director of the Office of Management and Budget. The Council has met three times since its establishment and is considering what actions should be taken by the Government in the areas of labor-management committees, productivity statistics, and State and local government productivity. While this represents a positive step, the Council has only two staff members and has not shown itself to be a policymaking group.

Productivity is a vitally important national issue that requires a Federal commitment stronger than the current Council can provide.

The key leverage point for the Federal Government to improve private sector productivity is through policy initiatives in such areas as tax and regulatory policy. While there are numerous factors to consider in deciding these policies, there must be a strong advocate in the decision making process to represent concerns for productivity. This does not now exist.

There is also a need for a top level group that can provide oversight, direction, control, and coordination to departments and agencies in areas of productivity improvement. The numerous Federal programs to improve private sector productivity must have some form of central review in order to translate them into meaningful policy initiatives.

Legislation for a Private Sector
Productivity Council

The basic framework of our proposal calls for the establishment of a National Productivity Council to help improve private sector productivity. The Council would consist of the 10 department and agency heads in organizations relating to national productivity and such additional members as the President may designate. We do not believe the public and private sector efforts should be in the same organization. This is the same conclusion we made in our 1978 review of the National Center for Productivity and Quality of Working Life. In our report, "The Federal Role In Improving Productivity--Is The National Center For Productivity And Quality Of Working Life The Proper Mechanism?" (FGMSD-78-26, May 23, 1978), we stated that

"Since the needs and incentive structures of public and private sector organizations are so different, public productivity efforts should be separate from those of the private sector. In our opinion, public sector productivity can best be handled by existing agencies, with the State and local productivity improvement effort administered through the Federal grants program and the internal Federal Government effort lodged in an agency that has central management responsibilities."

As we recommended, the Office of Personnel Management (OPM) has created a division for the specific purpose of improving Federal Government productivity. OPM has also been authorized to represent the Federal Government in attempts to improve State and local government productivity. Therefore, we feel the necessary organizational structures have been established for State and local government productivity improvement. A need remains, however, for an effective mechanism to help improve private sector productivity.

We consider our proposed Council to be a needed and logical extension of the current Productivity Council's authority and responsibility.

We believe a National Productivity Act, along the lines of our proposed framework, will be a significant improvement over the current Council for the following reasons.

--The proposed Productivity Council would provide the added authority and stability of being a statutory

body rather than an organization established by executive order. The present Council is simply a committee of Federal officials with no statutory authority or funding. The recommended Council would be established permanently by statute and would be authorized sufficient resources to ensure its viability.

- The proposed Council would provide a high-level, full-time Chairperson who should provide a meaningful focus on national productivity.
- The Council and the Departments of Commerce and Labor and the Federal Mediation and Conciliation Service would be assigned specific functions and responsibilities for improving productivity.
- The Council would be required to develop a national productivity plan to outline what the Federal Government is doing and should be doing to improve productivity.
- The Productivity Council would be provided adequate staff and a full-time Chairperson to help it meet its legislative mandate.
- A National Productivity Advisory Board would be developed, composed of not more than 10 members representing business, labor, and academia to advise the Council on appropriate actions for the Federal Government to take to improve productivity. If properly used, this Board could contribute to improved cooperation between the public and private sectors in attempts to improve productivity.

We consider the development of a National Productivity Plan to be the most important aspect of our proposed framework. While there are numerous Federal efforts to improve productivity, they fall far short of an effective national productivity improvement effort. They are, for the most part, relatively small programs that are not part of a broader strategy. A National Productivity Plan, backed up by a strong Council, is needed to harness and direct these activities and ultimately help improve national productivity.

Organizational Structure Of The National Productivity Council

In developing our proposal, we considered three organizational structures for the Productivity Council. The first is a council chaired by the Director of the Office of

Management and Budget (OMB). The Director of OMB is close to the budget and at the heart of executive decision making. The Director would also be a high-level and well respected individual to chair the Council. The OMB Director, however, has many other important responsibilities that would surely take precedence over his Council responsibilities. Furthermore, private sector officials in both labor and management are not used to working with the OMB Director.

A second alternative is to have the chairperson of the Productivity Council rotate between the Secretaries of Commerce and Labor every two years. Both Secretaries are top-level officials and are responsible for productivity related programs. In addition, both Secretaries have extensive experience working with the private sector.

The drawbacks to this alternative are the lack of long-term leadership by a single chairperson and the many demands the Secretaries have on their time leaving them unable to make chairing the Council a full-time commitment.

A third alternative is to have an appointed, full-time chairperson. The head of the Council would be involved in directing its daily operations and would also represent the Council in high level policy forums. The chairperson would be an important spokesperson and advocate for productivity improvement within the Federal Government. The danger exists, however, that because the chairperson is not associated with an ongoing agency, the Council could, if not properly supported, be left out of the mainstream of policy.

We have recommended the third alternative, an appointed, full-time chairperson who would also be responsible for the day-to-day operations of the Council.

We want to emphasize here, as we did in our 1978 report on the National Center for Productivity, the success of a national productivity effort is not dependent on organizational structure but on the support the effort receives from the Congress and the President. By "support" we mean

- appointment of a strong leader who has access to other top leaders of the administration and is included in policy making discussions,

- recognition by the President and heads of agencies that the Council is the focal point for Federal productivity efforts, and

--an appropriate budget to enable it to fulfill its mission.

Regardless of which organizational structure is adopted, we believe the Chairperson of the Productivity Council should be appointed by the President and confirmed by the Senate. We believe this is necessary to ensure the appointee is responsive to the Congress.

The proposed Council will require a small but highly capable staff to fulfill the requirements of the act. The professional staff of the Council should be the most capable that can be brought together. While we support the objective of avoiding an unnecessarily large staff, we believe that in its initial years the Council will be successful only to the extent that it has a staff of exceptional competence, diversity, and leadership. We would not place any precise limit on staff size, but we consider the level currently working on the productivity effort to be highly inadequate.

We have recommended that the Secretaries of Commerce and Labor serve as Vice-Chairpersons of the Council and, with the Chairperson, comprise an Executive Committee of the Council. This will provide the Chairperson the flexibility to meet with official representatives of the Council as the need arises without having to bring together the entire Council. The Executive Committee would convene at the call of the Chairperson.

Proposed Framework And Previous GAO Recommendations

This proposal is in line with the recommendations we made in our 1978 report on the National Center for Productivity and Quality of Working Life. We stated that

"A separate organization with proper support from the Administration and adequate funding would be the most desirable type of organization to deal with problems of private sector productivity."

When that report was issued proper support and adequate funding for a separate organization, such as a national center, seemed unlikely. Since then, with the increased awareness of the importance of productivity to our economy, the environment seems to have changed and the needed support and funding may now be forthcoming.

In order to help engender support for the proposed Council, we have attempted to build on and improve the existing Productivity Council. We believe our proposal could

result in a more effective mechanism for improving national productivity with an approach that would be acceptable to the Congress and the President.

Funding Level For The National Productivity Council

We have recommended first-year funding of the Productivity Council at \$3 million. While this is of necessity an estimate, we believe it is reasonable for the level of responsibility assigned to the Council.

GAO Review

The proposal does not specifically call for GAO review of the Productivity Council's activities. This would not be necessary since GAO, by law, would automatically have the authority to review the Council and would make such a review at the request of Congress or when we believe a review is needed.

Conclusions

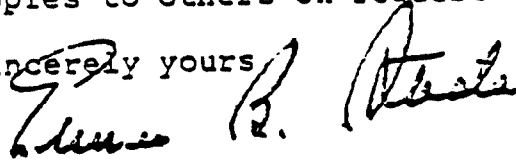
This proposal, if crafted into legislation, enacted and properly supported, would provide the United States with an effective national mechanism to improve private sector productivity. Almost every other industrial nation has an extensive national program to promote productivity. They have long recognized the critical role of productivity in meeting their national objectives. While our proposed Council is not as far reaching as most other national productivity organizations, we believe it is best suited to our economy and philosophy of Government.

It must be stressed that the Productivity Council, if it is to be effective, must be supported at the highest levels of the Federal Government, have adequate funding, and a staff of exceptional competence. To enact legislation without the support of the President will all but guarantee failure. This was the most important lesson learned from the experience of the former National Center for Productivity and Quality of Working Life.

As you requested, we did not obtain comments on the proposal from the executive branch. An earlier draft was favorably reviewed by the American Productivity Center and selected persons knowledgeable of national productivity problems.

As agreed with your office, unless you publicly announce the contents of this letter earlier, we will not distribute it until 30 days from its date. Then we will issue it to interested parties and give copies to others on request.

Sincerely yours

A handwritten signature in dark ink, appearing to read "Louis B. Brandeis". The signature is written in a cursive style with a large initial "L" and "B".

Comptroller General
of the United States

Enclosure

ENCLOSURE

ENCLOSURE

BASIC FRAMEWORK OF THE PROPOSED LEGISLATION

1. Statement of Purpose and Findings

The purpose of the legislation would be to improve the productivity growth rate of the U.S. economy by (1) improving the effectiveness of the Federal policies, programs, and activities related to private sector productivity improvement and (2) eliminating unnecessary barriers and obstacles to productivity improvement created by the Federal Government.

The legislation would state that the Congress finds that the rate of productivity growth in the United States has been declining in recent years and is now less than that of all other major industrial nations; that much is now being done by the Federal Government that affects productivity, but these programs and activities are not coordinated and are, in some cases, contradictory; and that there is no comprehensive national productivity plan which addresses private sector productivity problems in a cohesive manner, and therefore, no clear delineation of how the Government's role can be brought to bear to improve private sector productivity.

On this basis the legislation would provide for:

(A) The development of a national productivity plan that will identify Federal policies required to enhance productivity growth, outline specific roles of the Government, and demonstrate how current Federal programs and policies can be harnessed and directed to improve private sector productivity.

(B) Delineation of functions of a National Productivity Council.

(C) Delineation of functions of a National Productivity Advisory Board.

(D) Delineation of functions of the Departments of Commerce and Labor, and the Federal Mediation and Conciliation Service, as they relate to improving national productivity at all levels.

2. Creation of the National Productivity Council

The legislation would provide for the creation of the National Productivity Council (the "Council") as an independent establishment of the executive branch of the Government.

3. Membership

The Council would be composed of the following members and such additional members as the President may designate:

(A) The Secretary of Commerce

- (B) The Secretary of Labor
- (C) The Director of the Office of Management and Budget
- (D) The Secretary of the Treasury
- (E) The Chairman of the Council of Economic Advisers
- (F) The Chairman of the Council on Wage and Price

Stability

- (G) The Special Representative for Trade Negotiations
- (H) The Director of the Office of Science and Technology

Policy

- (I) The Director of the Federal Mediation and Conciliation

Service

- (J) The Administrator of the Small Business Administration

4. Duties of the Council

Subject to the direction of the President, and in addition to performing such other functions related to the legislation as he may direct, the Council would:

- (A) Develop, with consideration to recommendations of a Productivity Advisory Board, national and regional productivity centers, and others, a comprehensive national productivity plan which (1) identifies and describes the relationship and effect of existing Federal policies, programs, and activities on private sector productivity, (2) clearly delineates responsibilities of Federal departments and agencies having direct program functions within the plan, (3) identifies existing unnecessary obstacles

created by the Federal Government, and (4) provides alternative policies, programs, activities, and lines of responsibility to improve private sector productivity. In addition, the plan should contain:

(1) An analysis of the Federal budget to document where Federal funds in support of private sector productivity improvement are being spent.

(2) An assessment of Federal efforts during the past year to improve productivity which should include an identification of gaps, duplicated efforts, successes, and failures.

(3) A priority listing of short- and long-term objectives, and specific projects and programs for the next year to attain these objectives.

(B) Serve as a catalyst and facilitator in bringing together representatives of business, labor, academia, and Government to identify Federal targets of opportunity for private sector productivity improvement, and to gain private sector support and participation in creating and implementing the national productivity plan.

(C) Conduct broad issue studies to refine and update the national productivity plan.

(D) Perform economic analyses of the short- and long-term impact on productivity of selected Government regulations and laws.

(E) Provide continuing guidance to the departments and agencies on the implementation of the national productivity plan.

(F) Recommend to the President, the Congress, and appropriate departments and agencies legislation, regulations, policies, and specific actions to improve private sector productivity.

(G) Act as the primary Federal Government focal point for national productivity. As such the Council should:

(1) Receive and disseminate information relating to the Federal Government's involvement in improving private sector productivity.

(2) Act as the primary contact point between the Federal Government and national, regional, and local productivity centers by promoting their activities and providing a communication link between these productivity centers and Federal agencies, including appropriate consideration of their recommended policy initiatives.

(3) Provide assistance to national, regional, and local productivity centers in ways to apply Federal policies, regulations, programs, and actions to improve private sector productivity.

(4) Represent the Federal Government with foreign productivity centers and maintain awareness of productivity enhancing activities in other countries.

(5) Maintain a continuing status of the policies, actions, and programs of the Federal Government which affect private sector productivity.

(H) Report to the President and the Congress annually on accomplishments and revisions to the national productivity plan.

(I) Delineate functions of other departments and agencies for improving private sector productivity as appropriate.

5. Powers

In carrying out its specified duties the Council would be authorized

(A) to enter into contracts or other funding arrangements, including the grant of funds to private organizations and other public agencies, in order to carry out the provisions of the legislation.

(B) to organize and conduct, directly by contract or other funding arrangements with other public agencies or private organizations, conferences, meetings, seminars, workshops, or other forums for the purpose of (1) presenting and disseminating relevant information, and (2) continuously gaining firsthand views and perspectives of knowledgeable sources external to the Council and the Federal Government.

6. Creation of the National Productivity Council Advisory Board

The legislation would provide for the creation of a National Productivity Advisory Board to be composed of not

more than 10 members representing business, labor, and academia to advise the Council on appropriate actions for the Federal Government to take to improve national productivity. These members would be appointed by the Chairperson of the Council under terms and conditions prescribed by the Council.

7. Chairperson, Executive Committee,
and Staff of the Council

The legislation would provide that:

(A) The President shall appoint, by and with advice and consent of the Senate, a full-time Chairperson of the Council who shall be compensated at a rate not to exceed that provided for Executive Level III under section 5314 of title 5 of the United States Code.

(B) The Chairperson shall have authority to employ and fix the compensation of a staff as may be necessary to carry out the provisions of the legislation in accordance with the provisions of title 5, United States Code, governing the appointments in the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(C) The Chairperson may procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5, United States Code, at rates not to exceed the daily equivalent of the rate provided for GS-18 under section 5332 of title 5, United States Code.

(D) Upon request of the Chairperson, the head of any Federal agency is authorized to detail any of its personnel to the Council on a reimbursable basis to assist it in carrying out its duties.

(E) The Chairperson shall be responsible for carrying out the specified duties of the Council.

(F) The Secretary of Commerce and the Secretary of Labor shall serve as Vice Chairpersons of the Council and, with the Chairperson, shall serve as Executive Committee of the Council.

8. Productivity Improvement Functions of the Departments of Commerce and Labor and the Federal Mediation and Conciliation Service

The legislation would provide that:

(1) The Departments of Commerce and Labor, and the Federal Mediation and Conciliation Service shall provide operational support for the Council and shall work closely with the Council. Productivity improvement efforts within these departments and service should be organized accordingly, and shall be separately staffed and funded in support of their individual efforts. Each shall establish an Office of Productivity to serve as a focal point in directing and coordinating their respective productivity activities.

(2) The Department of Commerce shall carry out, with guidance from the National Productivity Council, the following functions:

(A) Study productivity problems of particular industries.

(B) Conduct workshops and other activities for business and industry to increase awareness of the importance of productivity growth.

(C) Develop indepth studies relating to joint Government-private sector productivity improvement activites, such as joint efforts to increase technological innovation.

(D) Operate a productivity clearinghouse to provide information to all sectors of the economy on various aspects of productivity.

(E) Submit to the Council, based on its work, recommendations for revising the national productivity plan.

(3) The Department of Labor shall carry out, with guidance from the National Productivity Council, the following functions:

(A) Conduct annual needs assessments of productivity and quality of working life issues, including programs needed for training and retraining workers displaced by technological change, impact penetration, or significant demographic changes.

(B) Identify new and improved measures of productivity to improve productivity analysis.

(C) Conduct workshops and other activities for labor groups to increase awareness of the importance of productivity growth.

(D) Develop indepth studies relating to joint Government-labor productivity improvement activities.

(E) Provide data to the productivity clearinghouse in the Department of Commerce.

(F) Submit to the Council, based on its work, recommendations for revising the national productivity plan.

(4) The Federal Mediation and Conciliation Service shall carry out, with guidance from the Council, the following functions:

(A) Aid and encourage the establishment of cooperative labor/management committees at the community and business enterprise levels.

(B) Provide guidance for successful implementation of labor/management committees, supported by specific examples of successful programs implemented in other firms or communities, and be responsive to requests of representatives of labor, management, or community action groups seeking advise and counsel.

(C) Identify and recommend experts, such as national, regional, and local productivity centers, or consultants, who can assist in resolving specific community, labor, or management problems.

(D) Provide data to the productivity clearinghouse in the Department of Commerce.

(E) Provide data to the Department of Labor which may be incorporated in its annual needs assessments of productivity and quality of working life issues.

(F) Submit to the Council, based on its work, recommendations for revising the national productivity plan.

9. Authorization

The legislation would authorize, for the purpose of carrying out its provisions, an appropriation not to exceed \$3.0 million annually. Funds appropriated for any fiscal year would remain available for obligation until expended.